



# Milk Pricing

## NEWSLETTER

*Serving the California dairy industry for over 8 years*

**Dairy Marketing Branch, CDFA**

**December 2009**

### National Dairy Commodity Prices Continue to Move Upward . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

Compared to last month, the national commodity prices for Western Dry Whey, Grade AA Butter, Cheddar Cheese and Nonfat Dry Milk all increased, consequently milk prices increased: whole milk increased eighteen and seven tenths cents per gallon; reduced fat milk increased twenty and zero tenths cents per gallon; lowfat milk increased twenty-one and zero tenths cents per gallon; and skim milk increased seventeen and six tenths cents per gallon.

The severe winter weather continues to slow milk production nationwide, with California showing decreased milk production for all of 2009. Milk supplies are expected to be tight especially with holiday dairy product production in full swing. Holiday orders for restaurants are steady and retail sales strong. The winter weather can be challenging to consumers, producers and manufacturers; with consumers rushing to stores for additional groceries, transportation delays for milk to plants and for finished products to the stores.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for January 2010

<b>Northern California</b>	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole	\$1.567	\$0.783	\$0.392	\$0.196	\$0.131	\$0.098
Reduced Fat 2%	\$1.494	\$0.747	\$0.374	\$0.187	\$0.125	\$0.093
Lowfat 1%	\$1.459	\$0.729	\$0.365	\$0.182	\$0.122	\$0.091
Nonfat (Skim)	\$1.138	\$0.569	\$0.284	\$0.142	\$0.095	\$0.071
<b>Southern California</b>						
Whole	\$1.590	\$0.795	\$0.398	\$0.199	\$0.133	\$0.099
Reduced Fat 2%	\$1.518	\$0.759	\$0.379	\$0.190	\$0.126	\$0.095
Lowfat 1%	\$1.483	\$0.741	\$0.371	\$0.185	\$0.124	\$0.093
Nonfat (Skim)	\$1.162	\$0.581	\$0.291	\$0.145	\$0.097	\$0.073

#### Price Changes from the Previous Pricing Period

	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole	\$0.187	\$0.094	\$0.047	\$0.023	\$0.016	\$0.012
Reduced Fat 2%	\$0.200	\$0.100	\$0.050	\$0.025	\$0.017	\$0.012
Lowfat 1%	\$0.210	\$0.105	\$0.053	\$0.026	\$0.018	\$0.013
Nonfat (Skim)	\$0.176	\$0.088	\$0.044	\$0.022	\$0.015	\$0.011

#### California Department of Food and Agriculture (CDFA)

**A.G. Kawamura, Secretary**

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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/qt)	Super Premium Ice Cream (\$/1.5qt)* (\$/1.75qt)*		Generic Ice Cream (\$/1.5qt)* (\$/1.75qt)*	
December	\$0.22	\$1.18	\$1.37	\$0.45	\$0.52
January '09	\$0.21	\$1.15	\$1.35	\$0.44	\$0.51
February	\$0.18	\$0.82	\$0.96	\$0.32	\$0.37
March	\$0.18	\$0.82	\$0.96	\$0.32	\$0.37
April	\$0.17	\$0.79	\$0.93	\$0.31	\$0.36
May	\$0.17	\$0.79	\$0.93	\$0.31	\$0.36
June	\$0.18	\$0.84	\$0.98	\$0.32	\$0.38
July	\$0.18	\$0.84	\$0.98	\$0.32	\$0.38
August	\$0.18	\$0.85	\$0.99	\$0.33	\$0.38
September	\$0.18	\$0.85	\$0.99	\$0.33	\$0.38
October	\$0.19	\$0.87	\$1.02	\$0.34	\$0.39
November	\$0.19	\$0.87	\$1.02	\$0.34	\$0.39
December	\$0.23	\$1.00	\$1.17	\$0.39	\$0.45

\* Prices are based on the new container size instead of 1/2 gallon previously.

## Percentage of Total Fluid Milk Products Sold, by Type of Container October of Selected Years, 2004, 2005, 2006, 2007, 2008, 2009

Year	Glass	Paper	Plastic	Bag
	Percent			
2004	0.06%	17.17%	82.28%	0.47%
2005	0.06%	17.24%	82.15%	0.55%
2006	0.07%	17.70%	81.86%	0.36%
2007	0.02%	20.15%	79.38%	0.44%
2008	0.16%	18.88%	80.46%	0.50%
2009	0.03%	23.90%	75.54%	0.53%

This newsletter can also be found on our website at: [www.cdffa.ca.gov/dairy/milkpricing\\_nl.html](http://www.cdffa.ca.gov/dairy/milkpricing_nl.html)

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdffa.ca.gov](mailto:dairy@cdffa.ca.gov), or by contacting TDD 1-800-735-0193.

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